The MORTGAGE BANKER

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No Boom Lasts Forever

This is a time for carefully considered decisions says one of the best known authorities in the mortgage loan field

By GEORGE S. VAN SCHAICK

THERE is no easy way to conduct a sound mortgage business. There are plenty of unavoidable uncertainties as to real estate values which make mortgage lending a challenging financial activity. To add any *avoidable* hazards to the inherent risks will lead inevitably to losses which will naturally cut down the anticipated returns on a mortgage portfolio.

What is it that has caused so much mortgage security to fail of its full purpose? We are told that competition is the life of trade. It should never be lessened by agreements or understandings. However that may be, when quest for loans becomes so intense that it results in compromise of the integrity of mortgage security, then competition, instead of being life, proves to be just the reverse.

Many evils which have heretofore grown up in the mortgage field are in considerable part due to cut-throat methods brought in by a desire to put money at work.

From the very nature of a mortgage investment it is believed that minimum standards of security should be accepted generally by investors everywhere recognizing that there is a vast field for intelligent competition and rivalry in the field of servicing of mortgages which are worth holding and can only be held through the good will of the borrower.

Another of the by-products of unhealthy rivalry for loans is the acceptance of construction standards which have been lowered for the purpose of competitive sales prices. There is no field where shoddy goods serve any useful purpose, least of all in the field of improvements on land. Not only should construction be such as to serve its purpose with normal depreciation from reasonable wear and tear but it should be such as to give the purchaser what he may reasonably expect as to quality of materials and soundness of workmanship. Anything else would be a disservice to the public as well as to real estate and mortgage investment.

G. S. VAN SCHAICK

In these observations, which have been condensed from a more detailed original, Mr. Van Schaick gives you his opinions of a number of matters which mortgage men usually discuss when they get together these days. Mr. Van Schaick is vice president of the New York Life Insurance Company in charge of the mortgage and real estate departments and is known to most MBA members.

The chiseler and the cheater are apt to be with us for some years to come. The speculative builder and the speculative owner are alike responsible for much of the grief in real estate and mortgages. Sacrificing of light and air, the lowering of the quality of materials, inadequate inspections as well as deviations from architects' specifications all add considerably to the risk of real estate ownership and mortgage lending.

Deterioration of physical structure due to inadequate or improper materials and poor construction leads to deterioration of neighborhoods and then of areas. Every instance of this sort throws discredit on the future worth of what should be the most permanent and desirable of possessions and leads to public as well as private problems which affect the entire municipal structure.

Consider that other by-product of boom days which has generally led to loss, if not disaster — the elastic or "blown-up" appraisal. Strange as it may seem, hard-headed men of good judgment, the mortgage lenders of America, have shown that they may be hypnotized by a word — the little word "appraisal" — just as the investing public permitted itself to be lulled into a false sense of security by the word "guaranteed" in reference to mortgages. In few cases do those relying upon these simple words go behind the returns and ask, "How strong is he who makes the guarantee?" or "How competent is he who makes the appraisal?"

(*Continued on page 4, col. 1*)

A Second Look at the G.I. Program

Lending is getting underway slowly; some lenders seem doubtful whether the business loan section will work

NOW that the first G. I. loan under Section 505 has been made, the first farm and business loans will be coming along any day if they haven't already. Total volume for loans under each section, however, is sure to be small for some time to come; and, as far as the business loan section is concerned, many are beginning to wonder if it will ever get started.

The regulations covering this phase of the program are plenty tough. Some lenders took one look and said this part of the program will not work at all. It has been suggested that what we must have in this part of the program is some set-up similar to FHA insurance of mortgages.

One development that especially interested us is the plan undertaken by Rochester banks to handle all G. I. applications through a central agency. Philadelphia banks are considering the same thing. The plan has much to commend it from a bank viewpoint.

Most of the G. I. loan activity in recent weeks has been talk and mostly it is talk indicating efforts to change the law and the regulations.

The chairman of A. F. of L's housing committee took some cracks at the law before the Taft committee and said it "exposes veterans to the danger of the worst fleecing of any group in the community . . . to speculative profiteering . . and utterly fails to protect their interests."

Gen. Hines wasn't going to stand for that.

He countered that since loans cannot be guaranteed unless they are "practicable," veterans who want to build or buy homes must be "fairly well established economically and have definite prospects of paying for the property.

"And unless the government proposes to finance, at the cost of the general taxpayers, homes for veterans, the provisions must bear a realistic relationship to the general business methods of the community."

Hines added "there should be adequate standards of construction but these belong in a housing bill, not a veterans' bill."

The labor spokesman also declared that interest rates should be "substantially lowered" and no second mortgages or deficiency judgments should be allowed.

"This drastic criticism," Hines said "evidences an apparent complete lack of understanding of the basis of the legislation and of the desires and characteristics of veterans."

That a more realistic view of the law is being taken in certain quarters where at times such a view has not been apparent is indicated by the comments the other day of the chairman of the national legislative committee of the American Legion, Maurice F. Devine.

Lenders will often have to decline to make home, farm, or business loans to veterans either because the property is over-priced or the veteran is inexperienced, he said.

Veterans may not always appreciate the reasons for refusal to lend but, "we must look to the future, because we do not want the bankers of this country, 10 years from now, to be publicized in the newspapers as taking veterans' homes away from them.

"We of the American Legion believe that it is the lender's duty under certain circumstances to explain to the veteran that he should not either purchase real estate or engage in an enterprise where he may lose not only his guaranty, but his equity."

As far as MBA members' current interest in G. I. loans is concerned, most of it right now is centered in refinancing of FHA loans, a subject discussed in our last issue.

Guy T. O. Hollyday, chairman of our FHA committee, declared the other day that "serious consideration is now being given to the desirability of interpreting the Act to permit assumption by a veteran of an existing FHA mortgage." You'll be hearing more about it.

He also pointed out another development of current interest. "One of the banks on the outskirts of Washington assisted a builder in financing a group of houses in a subdivision. The houses have recently been completed and FHA insured loans are now in existence. A local institution has arranged to refinance several of these loans under Section 501 for veterans, and no 1 per cent prepayment charge is collectible by FHA in connection with the sale, in view of the proclamation in effect during the existing emergency. If the mortgagors had refinanced these mortgages, the 1 per cent charge would have been applicable."

H. G. Woodruff, immediate past president of MBA, has this and other G. I. matters under study as a member of the Detroit Real Estate Board's committee on the subject.

"It seems to be a waste of time and money in the necessity of veterans being unable to purchase a property with an existing FHA mortgage, the Act re-

BETTER GET ALL THE G.I. FORMS

Whether or not you are going to make a G. I. loan right away, you should have the regulations and all the forms on hand for study so you can be in a position to answer questions.

The MBA national office now has all these forms. Those most recently received have been the Business and Farm Loan application forms.

We will send you a complete set of all of them on request—or as many sets as you wish. Just write the Mortgage Bankers Association of America, 111 West Washington Street, Chicago 2, and tell us what you want and how many. We will mail them promptly.

quiring the veteran to obtain a new mortgage commitment.

"There are many homes on which the present mortgage would, in all probability, be equal to any new commitment obtained. This is especially true of houses rented by several large building operators and would also apply to some owned by individuals, as the appraisals of the FHA have not entirely followed the market.

"As a typical case, assume the standard house of $6,000 on which there is a $5,400 mortgage with no reduction in principal were available, the veteran would save the following expense items:

FHA filing fee	$ 16.20
Title insurance	41.25
Survey	10.00
Appraisal	5.00
Recording	4.00
Service fee	54.00
	$130.45

"If he could assume the obligation, completion of the assumption procedure would probably not exceed $30, allowing a $5 filing fee and a $25 service charge, which would amount to a net saving of approximately $100 to the veteran.

"Even in those cases where the original mortgage has been reduced and where the FHA would partially follow the market trend and a new commitment obtained on $5,400, or an increase of $300 or $400, the $100 cost previously mentioned does not justify the extra amount received in the commitment. In other words, the increased amount would cost the veteran from 25 per cent to 33⅓ per cent of the amount which he receives.

"It seems advisable to recommend to the Administration an amendment permitting the financing of a deal on an existing mortgage as well as a new commitment."

A life company official has written Mr. Hollyday his personal view of a change he thinks might well be made. He says:

"As for the financing of existing as well as new home construction, it would seem practical for Congress to approve an amendment to the National Housing Act providing for the financing of homes purchased by qualified veterans with a 100 per cent loan with the full guarantee that is now available on the Title II, Section 203, 80 per cent and 90 per cent loans.

"This would greatly expedite the granting of home loans to veterans as the machinery is now in existence on a nationwide basis, and it would greatly simplify the extension of this form of credit to the veteran, saving considerable time in the processing and saving in the expense of closing by the use of a single loan rather than the execution of a first and second mortgage as provided in Section 505 of the Act."

A comparison of interest costs to veterans under the two methods for making home loans, according to the Council of Insured Savings Associations of New York State, shows that it would cost them $103.68 more on a $1,000 loan, and $622.08 more to finance a $6,000 loan for 20 years under Section 505, the two-loan plan, than if they secured a single sum 100 per cent loan under Section 501.

This difference is explained as due to the fact that the interest rate on the two-loan loan plan under Section 505, with the principal loan insured by FHA, may be as high as 4½ per cent plus ½ per cent insurance premium on the FHA loan, but not to exceed 4 per cent on the second or junior part which is guaranteed by the VA; while the interest rate on the single mortgage loan under Section 501 is 4 per cent on the entire amount of the loan.

Additional Cost under Section 505 when:

Term of Loan	FHA rate is 4½%*		FHA rate is 4%*	
	$1,000	$6,000	$1,000	$6,000
20 years	$103.68	$622.08	$51.84	$311.04
18 years	91.58	549.48	44.93	269.52
15 years	73.44	440.64	36.00	216.00
12 years	56.45	338.70	28.80	172.80
10 years	46.08	276.48	23.04	138.24

*Plus ½% FHA insurance premium.

The Council says:

"Thus if the veteran wishes to purchase a home with a 'reasonable normal value' of $6,000, a full loan for 20 years would cost him $622.08 more if he arranged the financing under Section 505 two-loan plan than if he secured a single 100 per cent veteran's home loan under Section 501, at 4 per cent. This, of course, is where the FHA rate would be 4½ per cent plus their insurance premium. If the FHA rate were reduced to 4 per cent then the extra interest cost to the veteran would be $311.04 on a $6,000, 20-year loan. If the FHA interest rate were reduced to 3½ per cent the cost to the veteran would be the same as the single VA Loan at 4 per cent.

"FHA has not officially announced any reduction in its rate for veterans. It is conceivable that their rate may be lowered to 4 per cent or even 3½ per cent so that with the ½ per cent insurance premium the cost to the veteran will be the same whether he finances his home with a loan guaranty under Section 501 or Section 505 of the G. I. Bill. If the FHA does not officially lower its maximum rates, it remains to be seen whether competition and the reaction of veterans will force the rate down to where the cost is the same under either plan."

Things to Read

When the Veteran Sets up Shop by Herbert Bratter in January 1945 *Nation's Business.* The author throws the spotlight on past experiences in opening new businesses and indicates that even under the G. I. Bill we might as well expect rather heavy business casualties, especially in view of the extreme youth of so many veterans.

Housing Costs — Where the Dollar Goes. National Housing Agency Bulletin No. 2 (Write Superintendent of Documents, Washington 25, D. C. 10¢). Of the mass of studies, opinions and comment being published on housing costs, this little pamphlet has managed to get more attention in a few weeks than all the rest. Every MBA member should get and read this study. It is one of the important contributions of recent years to this debated subject.

The Storage Wall in January 22 *Life.* This seems to be something new in building — an idea well worth serious consideration. Those who attended the Builders Show in Chicago saw a section of such a wall and were mightily impressed.

Tomorrow's Business by Beardsley Ruml. (Farrar & Rinehart, $2.50.)

GEORGE S. VAN SCHAICK

(*Continued from page* 1)

Some day someone may write a book on the folk-lore of real estate appraisals or of mortgage guarantees. It will be interesting even though doleful reading. Already there is a resurgence of interest on the part of mortgage lenders in the whole subject of real estate valuation.

The appraisers themselves have much to do in improvement of technique and judgment and in avoiding the nefarious practice of adjusting their conclusions to clients' wishes. They will be stimulated to action if mortgage lenders demand it. An appraisal is the rock foundation of safe mortgage investment. It should be not just for the day but for the entire period of the mortgage duration. All too often it has been no more dependable as a buttress of safety than shifting sands or a piece of quicksilver.

If a mortgage lender would realize that close cooperation between municipal, state and federal planning agencies and private capital will result eventually in strengthened mortgage security then he will have gone a long way in stabilizing the value of mortgage security. A mortgage lender's foresight needs to be sharp and keen and constant to visualize fairly the future of the mortgage which he puts on his books. He must have a field of vision which is broad and distant.

In the past it has seemed as though every boom must have its following debacle. No boom lasts forever. However, excesses and violent reactions may be avoided if men put their minds to it. If houses for sale fit the pocketbooks of those who constitute the market, a recession does not become a depression. Building should never exceed demand. Occupancy is the keystone of success and of value. Unless close attention is given to the need and the demand, the danger of overproduction may be greatly accelerated as vast funds for investment plus federal credit become available. It may be more difficult to loan money safely in the future than in the past.

We live and learn. Every boom must have its recession. Even so, the task of providing higher living standards and decent housing conditions for America is stupendous in size. It is believed that intelligent action and intelligent interpretation of the past can do much to prevent the historic panics and wholesale foreclosures. It is believed that intelligent planning can do much to avoid abnormal loss in the mortgage field. We want and welcome business confidence. Business confidence does not mean business folly.

New Orleans Board Meeting Off; Texas MBA Cancels Its Annual Meeting Under ODT Ban

First development of ODT's ban on conventions of more than fifty people as far as MBA is concerned is the cancellation of the board of governors meeting scheduled for March in New Orleans. President Mahan cancelled the meeting after members of the executive committee headed by Byron V. Kanaley advised the action. Despite the fact that the meeting did not come under the government's ban since less than fifty would have attended, it was felt MBA should cooperate to the fullest extent in relieving the travel burden. It is contemplated that the Spring meeting will be held, probably in Chicago. No action has yet been taken on the remainder of the MBA program of meetings. An early announcement is expected.

Texas MBA has cancelled its annual meeting scheduled for Galveston in April.

MBA Exhibit At Home Builders Show

You are now looking at the MBA exhibit which members of the National Association of Home Builders saw at their model homes exhibit and Convention in Chicago last month. Located at the entrance to the exhibit hall, it quickly caught the eye of the member as he began a review of the products on display. Through this medium the private mortgage banker and what he has to offer was constantly before the large group attending the convention—probably one of the last for Chicago for some time in view of the recent ODT order.

In a separate Literature Room, MBA had available at all times its new pocket-size *Directory of Members*. Several thousand of these were distributed to builders. One section was devoted to how mortgage bankers and builders can better cooperate in solving their mutual problems. MBA members will soon receive this same Directory without this special section.

DESPITE WAR, 1944 WAS A SUCCESSFUL YEAR FOR FHA

FHA statistics for 1944: Slightly more than $894,000,000 of loans were insured under all titles in 1944—about $48,000,000 less than during 1943.

Largest single volume was under Title VI. Insurance under Section 603 amounted to $492,400,000. During the year 94,600 Title VI houses, virtually all of them for war workers, were started.

Also under Title VI, Section 608, insurance amounting to $53,820,000 was written on 163 projects which included 11,300 dwelling units.

Operations under Title II were almost exclusively in insuring mortgages on existing houses. It covered 47,500 properties and amounted to $219,-800,000.

Title I insurance showed an increase of $24,000,000. There were 381,000 such loans insured for a total of $121,000,000.

Income of FHA from insurance premiums, fees and investments in 1944, as it has for the past four years, was more than sufficient to meet all operating expenses and add substantial sums to insurance reserves.

In June, 1944, FHA passed its tenth anniversary. During that time more than $8,250,000,000 in gross insurance has been written enabling more than 6,250,000 families to build, buy or repair their homes.

During the period pay-offs and terminations have amounted to around $3,430,000,000, reducing the outstanding net obligation to about $4,570,-000,000.

Losses have been only a fraction of one percent and the mortgage insurance funds now total more than $97,000,000 to pay possible future losses. FHA began 1945 in excellent shape.

WAR IS COSTING COUNTRY PLENTY AND MORE TO COME

The average American family's share of wartime expenses is about $8,200, according to the Northwestern National Life Insurance Co., Minneapolis, MBA members.

Since Pearl Harbor, the average family has contributed about $1,400 and still owes more than $6,800 as its share of the postwar national debt.

The average family has invested approximately $1,000 in war bonds, of which it has cashed $90 worth. It has paid more than $500 in federal income taxes, and as such a family paid no income taxes prior to 1942, its subsequent tax contributions should be considered as net investment in the war effort.

The per family share of the annual cost of the Army and Navy will be around $160; its share of the cost of postwar veterans' benefits and pensions probably will run about $80 annually; the per family cost of farm payments and farm price supports will approximate $55 a year, according to current estimate. With other costs of government, the family's share of the nation's estimated 18 to 20 billion dollar annual operating costs will total about $500 a year.

"Thus," the report said, "the average family can expect little relief in income tax rates in the immediate postwar period. (As if we didn't know! —Ed.)

NEW SERVICE COMING

MBA will shortly inaugurate a new service devoted to current statistics and facts which have an important bearing on the mortgage business. It will be prepared by J. Robert Miller, MBA Director of Research. Watch for it.

It Looks as Though U.S. Housing Projects Will Pay Only Such Taxes as They Want to

Mortgage men who have long contended that government-owned housing projects ought to bear their fair share of the local tax burden will find little comfort in the Supreme Court's rulings involving certain Cleveland and Cincinnati projects. Justice Roberts ruled that these are entitled to tax exemption and rejected the theory of a lower court that they are operated in "a proprietary or non-governmental manner." (We won't submit a dissenting opinion to that!) The ruling of course is a victory for public housers because if the federal government can build housing projects and make only token tax payments, it is going to be pretty stiff competition for private interests in the field.

What is the situation over the country in this matter? United States property is specifically exempted from taxation by 36 states, while three states —Kentucky, Louisiana and Minnesota —exempt "public property" from taxation but do not expressly refer to United States property.

In the remaining nine states the following situation as to tax exemption of Federal property under state laws prevails:

Five states—Florida, Idaho, Iowa, Texas and Wisconsin—propose to tax the property of the United States, whether real or personal, as soon as the federal congress permits such taxation.

All the five states except Idaho took steps in 1943 to prepare for taxation of federal property upon consent of Congress; in Idaho, the question went before the voters on November 7, as a constitutional amendment and was approved.

In Alabama, U. S. property is taxable except where it is barred by constitutional provision.

Georgia, North Carolina and Pennsylvania—the remaining three states—impose taxes on only certain forms of property owned by the Federal Government.

Provisions of the laws of the three States on the subject:

Georgia: All property owned by Federal corporations and agencies engaged in this State in proprietary, as distinguished from governmental activities, shall be subject to ad valorem taxes except insofar as the federal constitution and federal laws prohibit such taxation.

North Carolina: Real estate "indirectly" owned by the United States is excluded from the list of property exempt from taxation.

Pennsylvania: The tax exemption of public property used for public purposes together with the ground thereto annexed and necessary for the enjoyment of the same shall not be construed to include property otherwise taxable which is owned or held by an agency of the federal Government.

The Cheaper Money Illusion

Some facts about lower interest rates showing why cheaper money will not do what its advocates claim that it will

By GEORGE H. DOVENMUEHLE

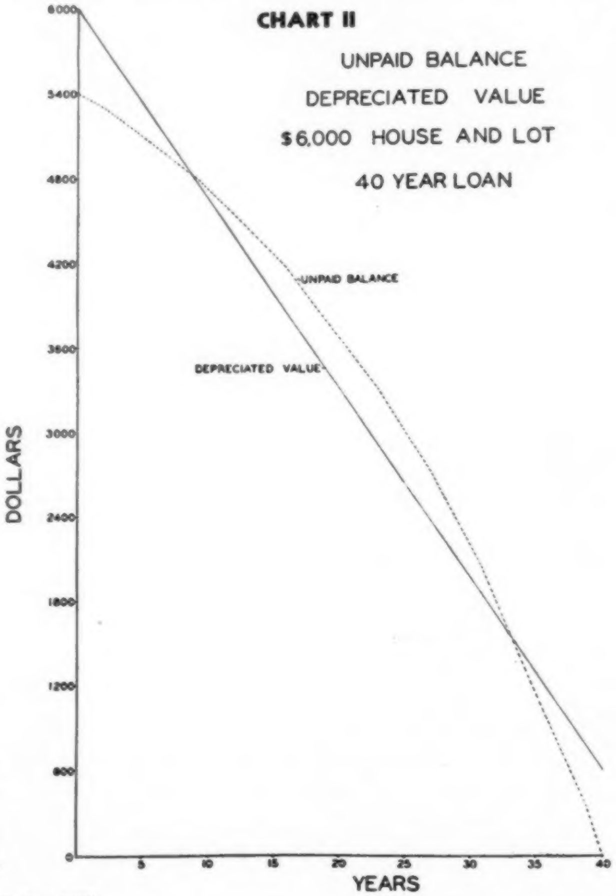
WHEN a builder asks a mortgage banker to discuss the future of anything, he should bear in mind that it is the latter's function to *save*—to *conserve* assets.

We should realize that there is a healthy conflict between our position and that of the builder. Out of this conflict we can usually find a workable compromise — a compromise which, through force or many circumstances, has definitely worked to *the builder's* advantage.

For example, we all know that in recent years interest rates have been reduced, loans have become proportionately larger and maturities much longer. What is the probability of a continuance of this trend, how far can it go and how far *should* it go?

First, interest rates—the government rate for a 25-year bond is about 2½ per cent. To this we should add the cost of handling a monthly payment home loan which varies somewhere between ½ of 1 per cent and 1 per cent (usually nearer 1 per cent if you include local as well as home office expense). To this we add for lack of marketability and for risk and a hoped for profit—even a mortgage banker at least hopes to make a profit. This adds another ½ per cent to 1 per cent depending on many factors and especially on the volume of money awaiting investment. Of course, these figures are rough but unless government rates are reduced further, I believe that we can look for home financing to hold at a rate of 4 per cent to 4½ per cent.

As to the proportionate amount of the loan, I think builders and mortgage men will agree that the ordinary home buyer should have 10 per cent of the purchase price before embarking on this important step. Even G. I. Joe will surprise us in the amount of cash he will have for downpayments even though we are ready and willing to grant him 100 per cent loans. (Con't next page)



Charts by J. Robert Miller

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MORTGAGE BANKERS ASSOCIATION OF AMERICA

L. E. Mahan, *President* · Byron V. Kanaley, *Vice President* · George H. Patterson, *Secretary-Treasurer* · J. Robert Miller, *Director of Research* · G. H. Knott, *Editor*

FEBRUARY, 1945

A special feature planned for this issue was a condensation of suggestions made by those who appeared before the Taft Committee including the complete presentation made by President L. E. Mahan on behalf of MBA. Inasmuch as the hearings had not been completed at our dead-line this summary will appear later—either in these pages or in a special communication to members. Mr. Dovenmuehle's comments here were given at a panel discussion on home mortgage financing where he appeared for MBA.

As to maturity of future loans, we hear talk of 40 year, 50 year, even 60-year loans. Just how far can we go?

I asked Robert Miller, MBA's new research director, to prepare two charts which will, I think, answer this question. I have taken a house which has a total value of $6,000 of which $600 is allocated to land and $5,400 to building and I have assumed a 4 per cent interest rate.

In the 40-year table *(Chart II)*, I have assumed a rate of depreciation of 2½ per cent a year on a 40-year life. In the 50-year table *(Chart I)*, I have assumed a rate of depreciation of 2 per cent a year on a 50-year life.

Does anyone believe we will build homes to last much longer? I don't think a builder will disagree with this depreciation if he admits that possibly there will also be some obsolescence in the next 40 or 50 years—probably he might conclude that my depreciation is too light.

Then let us assume that these figures are correct. At the end of 10 years we find that the total value of the house plus the lot is less than the remaining amount owed on the mortgage.

The figures are

40 year	$ 4,650	value
" "	$4,717.69	loan
50 year	$4,920	value
" "	$4,975	loan

At the end of 20 years we have

40 year	$3,300.00	value
" "	$3,707.70	loan
	$407.70	Deficit
50 year	$ 3,840	value
" "	$4,346.75	loan
	$506.75	Deficit

At the end of 30 years on the 50-year plan, we have a deficit of value amounting to $656.20.

I warned that mortgage men sought safety in their investments. I believe builders will agree that we should oppose 40, 50 or 60-year loans. How far can we go? I believe that we can, theoretically, lend up to 30 years on homes but I believe the 25-year loan will prove quite satisfactory to all concerned.

And how far *should* we go? Very few home loans last over 12 years regardless of maturity. The American family changes its numbers, its jobs, its financial and social position so often that the long-term loan isn't as attractive as it is to the European home buyer. I am rather surprised that builders who are accustomed to think in terms of progress, should put so much emphasis on this very long-term loan. Is it progress to even contemplate that it will take a man 40 or 50 years to just pay for shelter? I shudder to think of it—even the savages in the South Pacific pay for their shelter with a few days of labor.

Heard and Seen

Nathaniel Dyke

In the new Office of War Mobilization and Reconversion — which for the time being will probably concentrate mostly on the war mobilization part —an MBA member, **Nathaniel Dyke, Jr.** of Little Rock, holds one of the three industry memberships. The others are **Eric A. Johnston** and **George H. Mead** of Ohio. It's a 12-man board and will probably play an important role in postwar plans . . .

MBA members seen around the Home Builders Convention in Chicago: **Tom O'Toole,** Wilmington, Del.; **Fred C. Smith,** New York; **George Underwood** and **Leslie M. Steele,** Irvington, N. J., **Stanley H. Trezevant,** Memphis, who was going on to New York, and **Mark Miltenberger,** Muncie, Ind. Others were **A. H. Seise,** MBA board member from Rockford, Ill., **James E. McGehee,** Memphis, president of the Memphis MBA, **Ralph Davis,** Portland, Ore., and **J. Ripley Greer,** Memphis, a new member . . . Still others: **Clifford Boyd** of Institutional Securities, New York, and **W. E. Miller,** vice president of **Art Fraser's** firm in Cleveland.

MBA Past President **Byron T. Shutz,** Kansas City, has just been elected president of the Kansas City-Jackson County Chapter of the Red Cross . . . last year he served as general chairman of the 1944 War Fund Campaign for the organization . . .

As this issue is printed, the MBA national office is a very noisy place, what with workmen knocking down the north wall preparatory to our taking over additional space . . .

We will be more progressive if we encourage larger payments so that a man will at least endow his family with a home free and clear at the earliest possible moment.

That is the American way.

Addressed to every MBA Member

Does This Clinic Appeal to You?

We Would Like Your Opinion

The ODT's request that no further conventions of more than 50 people be held this year automatically cancels the Clinics planned for this year. Your officers believe, however, that some substitute program may possibly be devised which will fully comply with the government's wishes yet provide a means for many members to get together to discuss their mutual problems.

Various plans are now under discussion. One of them requires an expression of opinion from MBA members *as soon as possible*. We therefore urgently request that members read this announcement carefully and write the national office their frank reaction as quickly as possible. Any other comments you have regarding meetings will be appreciated. Briefly the plan is this:

- MBA would sponsor a series of *two-day* Clinics this Spring, each limited to not more than 50.

- Speakers at each Clinic would include some of the country's best-informed authorities on subjects related to the mortgage business. These men would be employed for the series of lectures and each would devote considerable time in preparing his material. One part, for example, might be a discussion of G.I. lending and another might represent the results of a special study in costs of operating a mortgage loan business made especially for these Clinics. Construction loans might be another and all would be bed-rock practical subjects.

- These programs would go into the matters under discussion in a far more detailed and exhaustive manner than has been customary at previous Clinics. Each would, in effect, be a compact two-day lecture course for mortgage men on the very latest trends and developments in our field.

- Each man attending would be expected to do a certain amount of preliminary work himself before the opening of the meeting so that all fifty attending would be able to contribute their full share to its success.

- At least three Clinics would be held — in the East, Middle West and on the West Coast — and as many more as were demanded.

- The registration fee would be $50 for each man, considerably higher than for any previous MBA meeting, but necessary, it is believed, to meet the heavy expense of employing some of the best brains in the business.

- It has also been proposed that each local chapter select one of its members to attend and pay his expenses. This representative would "cover" the Clinic in a professional manner so he could conduct a similar Clinic before his own Chapter members.

The above represents the basic features of the plan. *Does such a program interest you? Would you attend?* MBA officers cannot give further consideration to the idea until they get a representative expression of opinion from members.

For that reason you are urgently requested to write George H. Patterson, 111 West Washington Street, Chicago 2, and state *your frank opinion* — especially as to whether you yourself would attend such a Clinic. Regardless of what you think, let us have your views.

Please bear in mind that what is proposed is something new and different — a well-planned seminar-type course representing a great amount of original study and research on the part of some of the most capable authorities in the country.